

LAND BOARD AGENDA ITEM
February 22nd, 2011

**SET MINIMUM BID FOR LAND BANKING PARCELS # 598, 599,
600, 601, 602, 603 & 604
TETON COUNTY**

Seller:	State of Montana, Department of Natural Resources and Conservation
Nominators:	Parcel 598 – Lessee, Miller Colony Parcel 599 – Lessee, Kirk & Rusyl Klingman Parcels 600,601,602, & 603 – Lessee, Rice Ridge LLC Parcel 604 – Lessee, R.L. Reiquam Ranch Co.
Location:	Parcel 598 – is located 9 miles northwest of Choteau Parcel 599 – is located 12 miles northwest of Choteau Parcels 600,601,602, & 603 – are located 9½ miles west of Choteau Parcel 604 – is located 7¾ miles northwest of Dutton
Property Characteristics:	Parcel 598 - is native rangeland leased for grazing, and has well below average production when compared to Trust Lands across the state. Parcel 599 - is native rangeland leased for grazing, and has slightly above average production when compared to Trust Lands across the state. Parcels 600,601,602, & 603 - are 4 small adjoining parcels native rangeland leased for grazing, and have below average production when compared to Trust Lands across the state. It is likely the grazing use would continue if the lands were sold. Parcel 604 - is native rangeland leased for grazing, and has well below average production when compared to Trust Lands across the state.

Access: Parcels 598,599,600,601,602,603 & 604 – These small parcels are completely surrounded by privately owned land and are not legally accessible.

Economic Analysis: Short term – The rate of return on the sale parcels for Common Schools is 0.37%. The rate of return on the sale parcels for Public Buildings is 0.37%. The rate of return on the sale parcel for MSU Morrill is 0.36%. They would continue to receive those returns if the parcels are not sold.

Long term – The sale of these parcels would result in acquisition of lands that generate a higher rate of return. To date the average annual rate of return on acquisitions has been 1.91%, on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The parcels nominated for sale were inventoried to Class III standards for cultural and paleontological resources in 2010. No *Antiquities*, as defined under the Montana State Historic Preservation Act, were identified on any of the aforementioned tracts. The underlying geology of most of the listed tracts is Two Medicine Formation sedimentary rock. Kevin Member Formation and Eagle Formation appear on a few of the parcels as well.

Agency Recommendation:

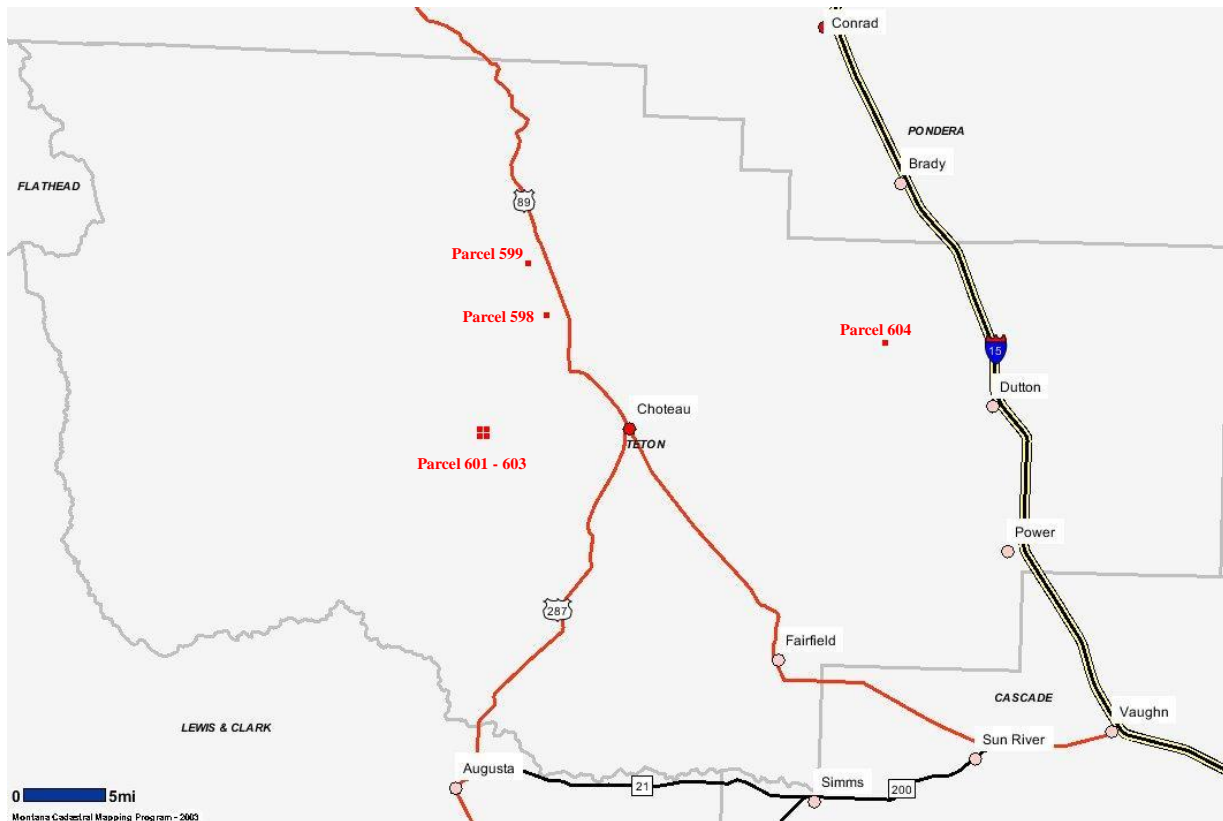
Since no market data was available to the appraiser at the time of the appraisal to support a value conclusion of their “as is” condition of no legal access, these parcels were only appraised under the hypothetical condition of having legal access. Based on appraised values, the Director recommends the minimum bid amount as follows:

Sale #	# of Acres	Appraised Value With Access	Appraised Value Per Acre With Access	Appraised Value Without Access	Recommended Minimum Bid	Trust
598	40	\$14,400	\$360	N/A	\$14,400	Public Buildings
599	40	\$13,000	\$325	N/A	\$13,000	Public Buildings
600	40	\$11,600	\$290	N/A	\$11,600	Common Schools
601	40	\$11,600	\$290	N/A	\$11,600	Common Schools
602	40	\$13,000	\$325	N/A	\$13,000	Common Schools
603	40	\$13,000	\$325	N/A	\$13,000	Common Schools
604	40	\$14,400	\$360	N/A	\$14,400	MSU Morrill
Total					\$91,000	

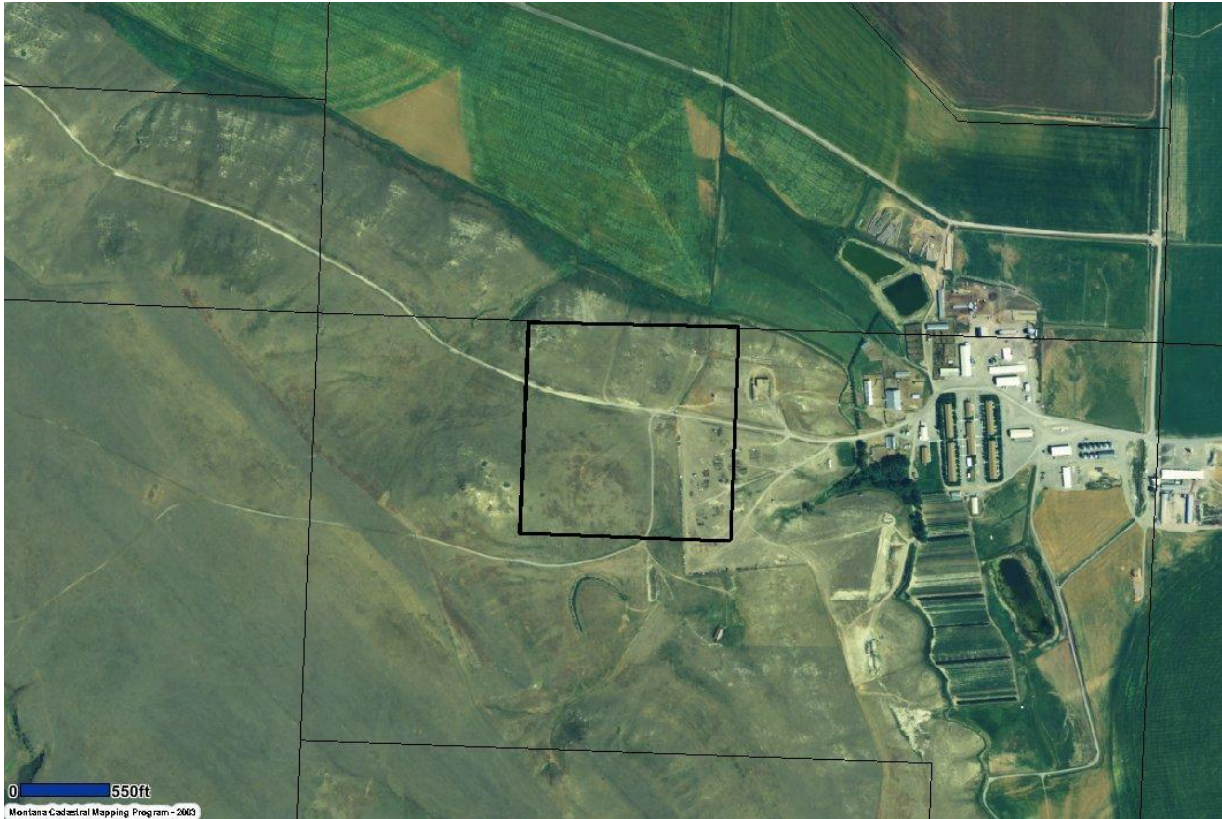
MEPA Issues:

Sales 600,601,602,603 are surrounded by land under a conservation easement. The compelling reasons to sell these parcels are: the difficulty to manage and minimal income received on these small parcels and isolated nature of the ownership. The conservation easement on the adjoining lands prohibits road building, and would prevent development of these parcels.

Teton County Sales Location Map



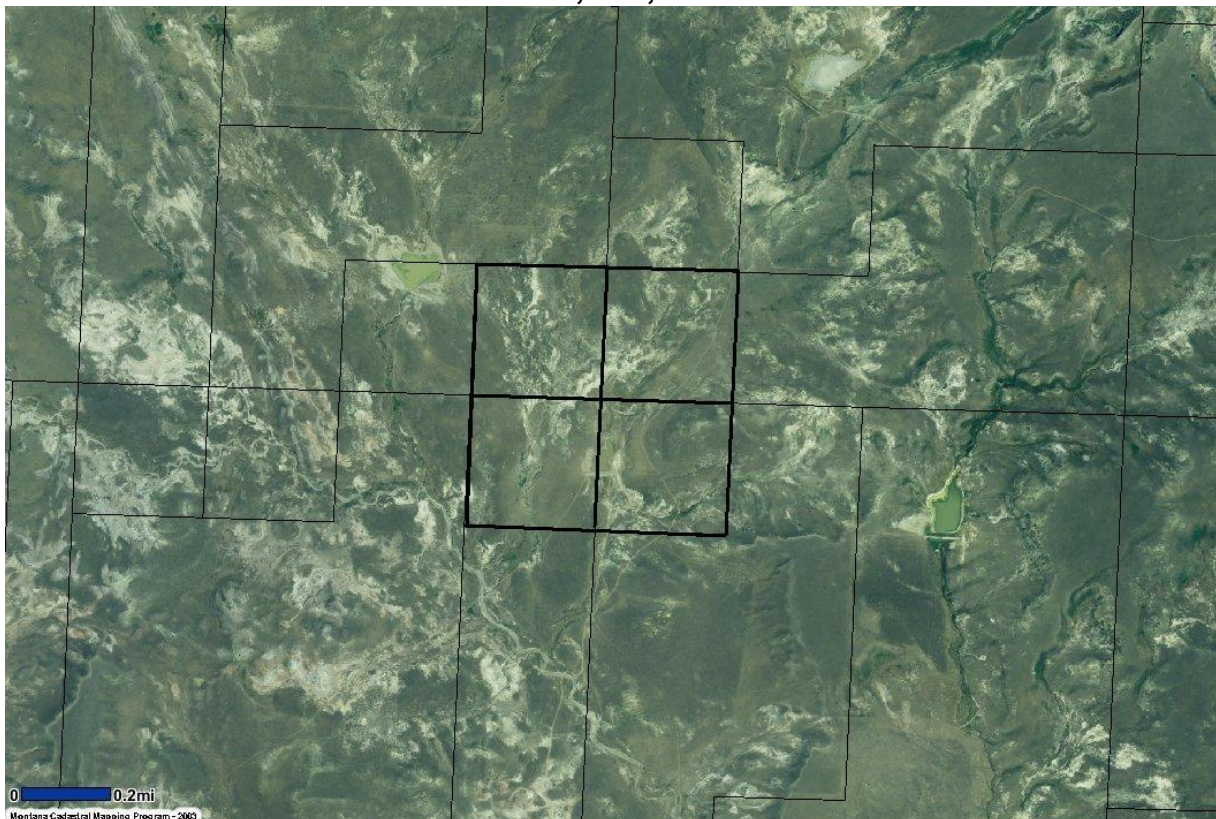
Sale # 598



Sale # 599



Sale # 600, 601, 602 & 603



Sale # 604

